

USDA SUPPLY & DEMAND REVIEW

December 11, 2018

SOYBEANS

SOYBEANS: The December USDA Supply Demand report was considered slightly bearish with 2018-19 US ending stocks coming in at 955 million bushels versus the average estimate of 940 million bushels (802 million - 1.0 billion range) and compared to the USDA November estimate at 955 million bushels. The 2018/19 World ending stocks came in at 115.3 million tonnes versus the average estimate of 113.2 million tonnes (110.8-115.0 range) and compared to last month's 112.1 million tonnes. Brazil's production came in at 122.0 million tonnes versus the average estimate of 121.1 million tonnes and compared to the November estimate of 120.5 million. Argentina's production came in at 55.5 million tonnes versus the average estimate of 55.7 million tonnes and compared to the November estimate of 55.5 million. The US exports were pegged at 1.900 billion bushels compared to last month's 1.900 billion bushels and China's imports were estimated at 90.0 million tonnes compared to last month's 90.0 million tonnes.

PRICE OUTLOOK: The one line item that stands out is the world ending stocks at 115.0 million tonnes, on the high end of the range of estimates. The USDA left US exports unchanged at 1.900 billion bushels, hoping for a quick resolution of the US/China trade negotiations. With Brazil's soybean crop at 122.0 million tonnes and nearly ideal weather so far, their early planted beans will be ready for export in several weeks. The US export figure will need to be adjusted lower in subsequent reports. March soybeans look vulnerable to a set-back to the 899 to 888 key support zone.

USDA SUPPLY/DEMAND				
US SOYBEANS	Dec USDA 16-17	Dec USDA 17-18	Nov USDA 18-19	Dec USDA 18-19
Area (M Acres)				
Planted	83.4	90.1	89.1	89.1
Harvested	82.7	89.5	88.3	88.3
Yield (Bu/Acre)				
	52.0	49.3	52.1	52.1
Beginning Stocks (M Bu)	197	302	438	438
Production	4,296	4,411	4,600	4,600
Imports	22	22	25	25
Supply, Total	4,515	4,734	5,063	5,063
Crushings	1,901	2,055	2,080	2,080
Exports	2,166	2,129	1,900	1,900
Seed	105	104	96	96
Residual	41	8	32	32
Use, Total	4,214	4,296	4,107	4,107
Ending Stocks	302	438	955	955
Stocks/Use Ratio	7.2%	10.2%	23.3%	23.3%

USDA SUPPLY/DEMAND		Dec USDA 16-17	Dec USDA 17-18	Nov USDA 18-19	Dec USDA 18-19
WORLD SOYBEANS (Million Metric Tons)					
Supply					
Beginning Stocks	81.05	97.53	99.69	101.30	
Production	349.30	339.47	367.50	369.20	
Imports	144.37	153.54	152.27	152.46	
Use					
Crush, Domestic	287.42	295.24	307.60	308.19	
Total Domestic	329.68	366.08	351.94	351.53	
Exports	147.50	153.16	155.44	156.09	
Ending Stocks	97.53	101.30	112.08	115.33	
Stocks/Use Ratio	29.6%	27.7%	31.8%	32.8%	

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CORN

CORN: The December USDA Supply/Demand report for corn was considered neutral with the 2018-19 US ending stocks coming in at 1.781 billion bushels versus the average estimate of 1.744 billion bushels (1.585 to 2.058 range) and compared with last month's estimate at 1.736 billion bushels. The 2018-19 world ending stocks came in at 308.80 million tonnes versus expectations for 307.9 million tonnes (304.2-312.0 range) and compared to the November estimate at 307.5 million tonnes. Brazil's corn production came in at 94.5 million tonnes versus the average estimate of 94.8 million tonnes and compared to the November estimate at 94.5 million tonnes. Argentine production came in at 42.5 million tonnes versus the average estimate of 42.5 million tonnes and compared to last month's 42.5 million tonnes. Ukraine corn production came in at 35.0 million tonnes versus last month's 33.5 million tonnes with exports at 28 million tonnes compared to 27.0 million in November.

PRICE OUTLOOK: The report news is mostly neutral to slightly negative as traders expected ethanol usage to drop by 25 million bushels and ethanol usage was revised down by 50 million bushels. The report impact on the market is minimal and traders see the trade deal with China as the main driver short-term. March corn support is at 379, with 393 1/4 as next target.

US CORN	Dec	Dec	Nov	Dec
	USDA	USDA	USDA	USDA
	16-17	17-18	18-19	18-19
Area (M Acres)				
Planted	94.0	90.2	89.1	89.1
Harvested	86.7	82.7	81.8	81.8
Yield (Bu/Acre)				
	174.6	176.6	178.9	178.9
Beginning Stocks (M Bu)	1,737	2,293	2,140	2,140
Production	15,148	14,604	14,626	14,626
Imports	57	36	50	45
Supply, Total	16,942	16,934	16,816	16,811
Feed & Residual	5,470	5,298	5,500	5,500
Food, Seed & Industry	6,885	7,058	7,130	7,080
Ethanol for Fuel	5,432	5,605	5,650	5,600
Domestic Total	12,355	12,355	12,630	12,580
Total Exports	2,294	2,438	2,450	2,450
Use, Total	14,649	14,793	15,080	15,030
Ending Stocks	2,293	2,140	1,736	1,781
Stocks/Use Ratio	15.7%	14.5%	11.5%	11.8%

WORLD CORN	Dec	Dec	Nov	Dec
	USDA	USDA	USDA	USDA
	(Million Metric Tons)	16-17	17-18	18-19
Supply				
Beginning Stocks	311.38	350.24	340.92	340.20
Production	1,122.41	1,076.18	1,098.95	1,099.91
Imports	135.59	149.71	157.16	159.74
Use				
Feed, Domestic	655.95	670.09	696.67	698.74
Total Domestic	1,083.55	1,086.23	1,132.36	1,131.31
Exports	160.05	148.02	165.64	166.46
Ending Stocks	350.24	340.20	307.51	308.80
Stocks/Use Ratio	32.3%	31.3%	27.2%	27.3%

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WHEAT

WHEAT: The December USDA Supply/Demand report for wheat was considered bearish with 2018-19 US ending stocks coming in at 974 million bushels versus the average estimate of 965 million bushels (844 million-1.025 billion range) and compared to the November estimate of 949 million bushels. The 2018-19 World ending stocks came in at 268.1 million tonnes versus the average estimate of 266.5 million tonnes (262.0-270.0 million range) and compared with the November USDA estimate at 266.7 million tonnes. The Russian wheat production came in at 70.0 million tonnes versus 70.0 million tonnes in the November report with Russian exports at 36.5 million tonnes versus 35.0 million tonnes in the November report. Australian production came in at 17.0 million tonnes compared to 17.5 million in the November report. Australian exports were 10.5 million tonnes from 11.5 million tonnes last month. Argentine production came in at 19.5 million tonnes versus 19.5 million tonnes in the November report.

PRICE OUTLOOK: The trade is focused on the Russian export estimate at 36.5 million tonnes, up 1.5 million tonnes from the November report. This increase should pressure prices as traders continue to hope for a slowdown in the Russian export pace. The USDA lowered the US exports by 25 million bushels to 1.000 billion bushels due to the Russian increase in exports. The world ending stocks were raised by 1.39 million tonnes on a jump in beginning stocks in both Russia and FSU-12 countries.

USDA SUPPLY/DEMAND				
US WHEAT	Dec USDA 16-17	Dec USDA 17-18	Nov USDA 18-19	Dec USDA 18-19
Area (M Acres)				
Planted	50.1	46.0	47.8	47.8
Harvested	43.9	37.5	39.6	39.6
Yield (Bu/Acre)	52.7	46.3	47.6	47.6
Beginning Stocks (MBu)	976	1,181	1,099	1,099
Production	2,309	1,740	1,884	1,884
Imports	118	157	140	140
Total Supply	3,402	3,078	3,123	3,123
Food	949	964	970	970
Seed	61	63	69	69
Feed/Residual	161	50	110	110
Domestic Total	1,171	1,078	1,149	1,149
Total Exports	1,051	901	1,025	1,000
Use, Total	2,222	1,979	2,174	2,149
Ending Stocks	1,181	1,099	949	974
Stocks/Use Ratio	53.2%	55.5%	43.7%	45.3%

USDA SUPPLY/DEMAND				
WORLD WHEAT	Dec USDA 16-17	Dec USDA 17-18	Nov USDA 18-19	Dec USDA 18-19
(Million Metric Tons)				
Supply				
Beginning Stocks	244.39	261.04	279.00	279.94
Production	756.51	763.06	733.51	733.41
Imports	178.91	179.19	175.81	175.79
Use				
Feed, Domestic	147.57	147.65	140.96	141.96
Total Domestic	739.86	744.16	745.80	745.25
Exports	183.35	181.23	178.79	177.36
Ending Stocks	261.04	279.94	266.71	268.10
Stocks/Use Ratio	35.3%	37.6%	35.8%	36.0%

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COTTON

USDA SUPPLY/DEMAND				
COTTON	Dec	Dec	Nov	Dec
	USDA	USDA	USDA	USDA
	16-17	17-18	18-19	18-19
Area (M Acres)				
Planted	10.07	12.61	14.04	14.04
Harvested	9.51	11.10	10.37	10.37
Yield (Lb/Acre)				
	867	905	852	860
Beginning Stocks (M Bales)	3.80	2.75	4.30	4.30
Production	17.17	20.92	18.41	18.59
Imports	0.01	0.00	0.01	0.01
Supply, Total	20.98	23.68	22.71	22.89
Domestic Use	3.25	3.23	3.30	3.30
Exports	14.92	15.85	15.00	15.00
Use, Total	18.17	19.07	18.30	18.30
Unaccounted	0.06	0.30	0.11	0.19
Ending Stocks	2.75	4.30	4.30	4.40
Stocks/Use Ratio	15.1%	22.5%	23.5%	24.0%

USDA SUPPLY/DEMAND		Dec	Dec	Nov	Dec
WORLD COTTON		USDA	USDA	USDA	USDA
(Million 480-lb Bales)		16-17	17-18	18-19	18-19
Supply					
Beginning Stocks		90.33	80.40	80.39	80.45
Production	106.66	123.70	119.39	118.74	
Imports		37.70	40.98	41.11	41.71
Use					
Domestic		116.17	123.16	126.88	125.63
Exports		37.90	40.99	41.13	41.73
Loss		0.21	0.47	0.27	0.35
Ending Stocks	80.40	80.45	72.61	73.19	
Stocks/Use Ratio	69.2%	65.3%	57.2%	58.3%	

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